

PART III - LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

SECTION J – LIST OF ATTACHMENTS

ATTACHMENT J-10: PERFORMANCE EVALUATION AND MEASUREMENT PLAN



U.S. Department of Energy
Environmental Management Los Alamos Field Office
Los Alamos Legacy Cleanup Contract (LLCC)

DRAFT Performance Evaluation and Measurement Plan (PEMP)
Contract No. [To be inserted], Rev. 0

[Insert Contractor's Name]

Evaluation Period for Adjectival Award Fee

[TBD - based on contract award date and transition from the non-fee earning transition period]

APPROVALS

Manager
Fee Determining Official
DOE, Environmental Management Los Alamos Field Office

Date

Contracting Officer
DOE, Environmental Management Los Alamos Field Office

Date

Awardee's Name, Program Manager
Awardee's Company

Date

CONTENTS

CONTENTS.....	3
ACRONYMS	5
1. INTRODUCTION.....	7
2. ORGANIZATION	8
3. DEFINITION OF TERMS	9
4. ROLES AND RESPONSIBILITIES.....	10
5. AWARD FEE ALLOCATION	10
6. AWARD FEE EVALUATION PROCESS.....	12
A. Establishment of the Award Fee Board.....	12
B. Regular Monitoring of Performance.....	12
C. Quarterly Performance Feedback.....	12
D. Contractor Submittals.....	12
E. Kicking Off Annual Evaluation	13
F. Award Fee Board Evaluation	13
G. AFB Award Fee Report and Fee Recommendation.....	14
H. FDO Earned Fee Report and Final Fee Determination	14
I. EM HCA Validation of Process.....	14
J. Contracting Officer Communication of Fee Determination.....	14
K. Revisions to Allowable Provisional Fee	14
L. Contractor Performance Assessment Reporting System Reporting	15 14
7. AWARD FEE CHANGE CONTROL PROCEDURE	15
A. Minor Changes Not Affecting Fee or Process.....	15
B. Changes Affecting Fee or Process	15
C. PBI Identification	15
D. Force Majeure Impacts	15
8. RESPONSIBILITIES.....	16
9. AWARD FEE AMOUNTS AND PERIODS	16
A. Total Available Award Fee and Annual Available Award Fee	16
B. Provisional Fee	17
C. Provisional Fee Versus Earned Fee.....	17

D.	Adjustment of Provisional Fee	17
E.	Earned Fee Effect on Drawn Provisional Fee	18
F.	Fee Reduction Versus Drawn Provisional Fee	18
10.	DOCUMENTATION	18
11.	COMMUNICATION	18
12.	CONTRACT TERMINATION	18
13.	EXHIBITS	19 18
EXHIBIT 1 - AWARD FEE RATING TABLE		20 19
EXHIBIT 2 – ADJECTIVAL AWARD FEE RATING WEIGHTING AND CRITERIA		21 20
A.	Quality (20%)	21 20
B.	Schedule (15%)	21 20
C.	Cost Control (30%)	22 21
D.	Management (10%)	23 22
E.	Regulatory Compliance (25%)	24 23
EXHIBIT 3 – PERFORMANCE-BASED INCENTIVE CRITERIA FOR EACH CONTRACT PERIOD OF PERFORMANCE		26 25
EXHIBIT 4 – PBI CERTIFICATION OF COMPLETION		34 33

ACRONYMS

AFB	Award Fee Board
AFR	Award Fee Report
AL	Acquisition Letter
ANSI	American National Standards Institute
CCP	Central Characterization Project
CFR	Code of Federal Regulations
CH	Contact-Handled
CLIN	Contract Line Item Number
CME	Corrective Measures Evaluation
CMIP	Corrective Measures Implementation Plan
CMIR	Corrective Measure Implementation Report
CMP	Contract Management Plan
CO	Contracting Officer
CPARS	Contractor Performance Assessment Reporting System
CPB	Contract Performance Baseline
DART	Days Away, Restrictions and Transfers
DEAR	Department of Energy Acquisition Regulations
DOE	U.S. Department of Energy
EAC	Estimate at Completion
EM	Office of Environmental Management
EM-LA	Environmental Management Los Alamos Field Office
ESH&QA	Environmental, Safety, Health and Quality Assurance
EVMS	Earned Value Management System
FAR	Federal Acquisition Regulation
FDO	Fee Determining Official
FY	Fiscal Year
HCA	Head of Contracting Activity
HWFP	Hazardous Waste Facility Permit (RCRA)
IDIQ	Indefinite Delivery, Indefinite Quantity
IP	Individual Permit for Stormwater
IWP	Investigation Work Plan
IR	Investigation Report
LANL	Los Alamos National Laboratory
MDA	Material Disposal Area
NMED	New Mexico Environment Department
NTP	Notice to Proceed
PBI	Performance-Based Incentives
PEMP	Performance Evaluation and Measurement Plan
PWS	Performance Work Statement [Section C]

QA	Quality Assurance
RCRA	Resource Conservation and Recovery Act of 1976
RDX	Royal Demolition Explosive
RH	Remote-Handled
TRC	Total Recordable Cases
TRU	Transuranic
WIPP	Waste Isolation Pilot Project

1. INTRODUCTION

Federal Acquisition Regulation (FAR) 16.401 through 16.402-4 discusses incentive contracts and place incentives in two major categories: adjectival award fee and performance-based incentive (PBI) fee. This Performance Evaluation and Measurement Plan (PEMP) is an award fee plan that includes both types of fees.

This PEMP defines the methodology and responsibilities associated with evaluating the Contractor performance in determining appropriate Adjectival Award Fee and PBI Fee (Fee) for the Office of Environmental Management (EM) LLCC Contractor at the Los Alamos National Laboratory (LANL). This document satisfies the framework described in U.S. Department of Energy (DOE)-H-2060, Base and Award Fee, and the B clauses B.8, *Provisional Payment of Fee*, and B.9, *Fee Reductions*. The PEMP implements the requirements of Acquisition Letter (AL)-2014-02, *Provisional Payment of Fee*, dated October 29, 2013; and the Memorandum from the Deputy Secretary of Energy *Aligning Contract Incentives for Capital Asset Projects*, (S-2 Memo) dated December 13, 2012.

This PEMP provides standardization necessary to ensure effective development, administration, and coordination of all phases of the fee process. In the event of a conflict between the PEMP and the Contract, the Contract takes precedence. The PEMP process provides a streamlined methodology to consistently capture and report on performance for the EM Program. As such, the PEMP will also be used to satisfy requirements of FAR 42.15, *Contractor Performance Information*, through the Contractor Performance Assessment Reporting System (CPARS).

This PEMP outlines the organization, procedures, evaluation criteria and evaluation periods for implementing the fee provisions of the LLCC contract. The objective is to emphasize key areas of Contractor performance without jeopardizing the minimum acceptable performance in all other areas. This PEMP is the basis for the DOE evaluation of the Contractor's performance and for presenting an assessment of that performance to the Fee Determining Official (FDO). It describes specific criteria and procedures used to assess the Contractor's performance and to determine the amount of fee earned. Actual award fee determinations and the methodology for determining fee are unilateral decisions made solely at the discretion of the Government.

The Total Available Award Fee (Section B.7.c.1.A.iv) has two components of fee: 1) adjectival award-fee, and 2) PBI fee which are established for each contract period of performance (Base Period, Option Period 1 and Option Period 2). The Total Available Award Fee for each contract period will be split between adjectival award-fee (15%) and PBI fee (85%). The Total Available Award Fee for each Contract Period will be distributed into each annual evaluation period as Annual Available Award Fee. Award Fee will be evaluated on an annual basis, based upon award-fee criteria delineated below in Exhibit 2. The PBI fee will be evaluated in accordance with the established completion criteria delineated below in Exhibit 3. Although the PBI fee is currently allocated to each contract period in Exhibit 3, annual PBIs will or may be established before the start of each annual evaluation period following acceptance of the Contractor's Performance Baseline (CPB).

Although this PEMP defines organization, procedures, and evaluation criteria that will cover the entire contract period of performance (after the 90 day Contract Transition Period), this PEMP requires annual fee evaluations for the adjectival award fee and PBI completion evaluations. The Environmental Management Los Alamos Field Office (EM-LA) will develop and issue annual evaluation criteria to the Contractor for the next annual evaluation period. The fee

earned and payable will be determined by the FDO based upon review of the Contractor's performance against the criteria set forth in this plan. The fee earned and payable will be identified in Section B of the Contract through a contract modification executed after the FDO determination is finalized. The Contractor will be notified of changes to the plan by the CO, in writing, before the start of the affected evaluation period.

The Contract was awarded with a 90-day Contract Transition Period, a five year Base Period of Performance, a three year Option 1 Period of Performance, and a subsequent two year Option 2 Period of Performance. No Fee is available to be provisionally paid or earned under Contract Line Item Number (CLIN) 0001, Contract Transition Period.

2. ORGANIZATION

The Fee determination process utilizes a multi-level system to ensure a full and fair performance evaluation. Members at each level will be assigned by the EM-LA Manager who is the FDO as delegated by DOE EM Head of Contracting Activity (HCA).

- Level 0 – Fee Determining Official (FDO)
- Level 1 – Award Fee Board (AFB)
- Level 2 – Project Team Evaluators (PTE), the Technical Lead (TL), and the Contracting

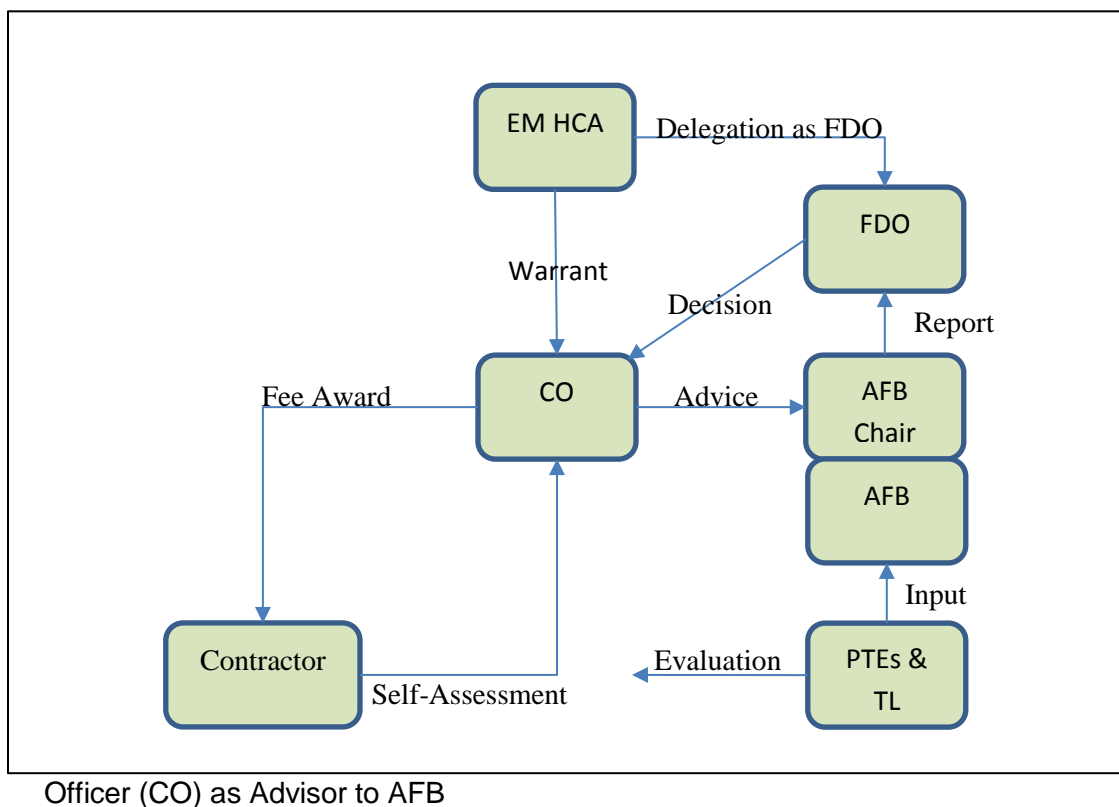


Figure 1 - Fee Determining Organization

3. DEFINITION OF TERMS

- a. **Annual Available Award Fee:** The Fee that has been allocated or distributed to each annual evaluation period that the Contractor might earn but has not yet earned.
- b. **Adjectival Award Fee:** The portion of available fee measured with an adjectival rating to evaluate technical performance through quality, schedule performance, cost control, business relations through management, and regulatory compliance for the overall Contract during the evaluation period.
- c. **Award Fee:** The combination of two components: 1) Adjectival Award Fee and 2) PBI fee.
- d. **Award Fee Report (AFR):** The report which documents the evaluation of the Contractor's performance against the criteria included in the PEMP, documents the basis for any fee reductions, includes a recommendation on the fee to award as earned, and recommends whether any changes are appropriate for the allowable provisional fee for the next annual evaluation period. An AFR is prepared for each annual evaluation period throughout the Contract Periods of Performance.
- e. **Earned Fee:** The fee due to the Contractor by virtue of its meeting the requirements stated in the contract and the PEMP. Earned fee does not occur until the Contractor has met all conditions stated in the contract and the PEMP for earning fee. The evaluation period for the determination of Earned fee is on annual evaluation periods within each of the Contract periods of performance. The FDO's final evaluation of Contractor performance at the end of each annual evaluation period will convert provisionally paid Adjectival Award Fee and PBI Fee to Earned Fee. All Earned Fee is conditional on accurate data being provided by the Contractor through or from its business systems including (but not limited to): (1) earned value management system, (2) purchasing system, (3) property system, and (4) accounting system (Acquisition Letter 2014-02).
- f. **Final Contract Performance Baseline (CPB):** Represents the cost, schedule, scope and period of performance as it relates to the total estimated cost of the Contract.
- g. **Performance-Based Incentive (PBI) Fee:** The portion of available fee measured on successful performance and completion of specific and measureable portions of work scope. PBIs are generally a pass/fail measure but can be scaled based on whether they meet the adjectival criteria in their execution; i.e., if they were late, judged to have been deficient, or other criteria were sacrificed in order for the Contractor to earn fee.
- h. **Provisional Payment of Fee:** The Government's payment of available Fee to the Contractor for making progress towards meeting the performance measures for the incentive before the Contractor has earned the available fee. Annual evaluation periods are used for the determination of provisional Adjectival Award Fee and PBI Fee payments as established in this PEMP. The allowable Provisional Adjectival Award Fee may be invoiced in each month of the annual evaluation period. Provisional PBI Fee may be invoiced in the month in which the Contractor reports the PBI's completion.
- i. **Total Available Award Fee:** The fee available for each Contract Period of Performance based on the agreed upon fee percentage in the Contract and the value of the work for that entire Contract Period of Performance. The fee that is then distributed to each

annual evaluation period throughout the Contract Period of Performance.

4. ROLES AND RESPONSIBILITIES

- a. **Award Fee Board (AFB):** The group of individuals who review the Contractor's performance and recommend the fee to be earned to the FDO. The AFB reviews the Contractor's self-assessments, PTEs' inputs, and the TL's inputs against the criteria in this PEMP. The AFB will review performance against the Adjectival Award Fee criteria for each annual evaluation period and will review the reported PBI performance that was accomplished during the applicable annual evaluation period. The AFB develops an annual AFR which includes a recommendation on the fee to award as earned that includes both adjectival award fee and PBI fee for the period.
- b. **AFB Chair:** The AFB Chair is designated by the Manager EM-LA. This individual directs the activities of the AFB and appoints its members. The AFB Chair submits the AFR to the FDO.
- c. **Contracting Officer (CO):** The individual authorized to commit and obligate the Government through the life of the Contract. The CO provides advice to the AFB. The CO notifies the Contractor of the fee determination and executes the contract modifications to reflect the fee awarded (both adjectival award fee and PBI fee).
- d. **Fee Determining Official (FDO):** The individual who determines the amount of allowable provisional adjectival award fee and PBI fee payable to the Contractor for each annual evaluation period. The Individual who makes the final fee determination as to the total amount of Adjectival Award Fee and PBI Fee which is considered to be earned at the end of each annual evaluation period. The EM-LA Manager is the FDO and will establish an AFB.
- e. **EM Head of Contracting Activity (HCA):** The DOE-EM individual vested with the overall authority to issue contracts for the DOE. The EM HCA delegates the authority for FDO and issues the warrant for the CO. The EM HCA will validate that the award fee process was executed properly.
- f. **Project Team Evaluators (PTE):** The EM-LA individual(s) assigned to monitor and evaluate the Contractor's performance on a continuing basis. The PTEs provide input to the AFB for consideration.
- g. **Technical Lead (TL):** The individual who manages the Fee evaluation process, facilitates the evaluation of the performance of the Contractor by the PTEs, and writes up the AFR on the Contractor's performance for the AFB.

5. AWARD FEE ALLOCATION

The Award Fee will be divided into two components: 1) Adjectival Award Fee Rating Categories of Performance and 2) PBIs.

- a. **Adjectival Award Fee Rating Categories of Performance:** This component is divided into the following sub-component incentives: quality, schedule (timeliness), cost control, management, and regulatory compliance, see Exhibit 2. Each sub-component incentive will be evaluated separately and will receive an adjectival rating ranging from

Unsatisfactory to Exceptional. The percent of available fee placed on this component will be 15%, see Exhibit².

- b. PBIs: This component includes PBI's for work to be performed during each Contract period of performance. The specific performance criteria for each PBI element and the award fee amount assigned are delineated in Exhibit 3. The percent of available fee placed on this component will be 85%. Each element of the PBI will be evaluated generally on a Pass-Fail basis. EM-LA may, at its sole discretion, allow partial provisional fee or earned fee within the PBI element, based on the work completed. Annual PBIs will or may be developed for each annual evaluation period and included in Exhibit 3 before that period begins.

The Total Available Award Fee (Adjectival Award Fee and PBI Fee) is allocated to each FY period in accordance with Table 1 below.

Table 1: Total and Annual Available Award Fee

Government Fiscal Year	Annual Available Award Fee by Period/Years (in \$M)*
FY17 (Transition)	TBD
FY18	TBD
FY19	TBD
FY20	TBD
FY21	TBD
FY22	TBD
Base Period Total Available Award Fee	TBD
FY23	TBD
FY24	TBD
FY25	TBD
Option Period 1 Total Available Award Fee	TBD
FY26	TBD
FY27	TBD
Option Period 2 Total Available Award Fee	TBD
Contract Total Available Award Fee	TBD
* Table 1, <i>Total and Annual Available Award Fee</i> , illustrates the award fee earning potential following the evaluation process below, and is based on the amounts in Table B.2-2, and the amounts per year (Annual Available Award Fee) will be based on the estimated costs per fiscal year.	

6. AWARD FEE EVALUATION PROCESS

A. Establishment of the Award Fee Board

At the beginning of each annual evaluation period, the FDO shall appoint the AFB Chair for that annual evaluation period. The AFB Chair will identify and appoint the PTEs and TL for the annual evaluation period and require the routine monitoring of the Contractor's performance.

B. Regular Monitoring of Performance

PTEs and the TL shall routinely monitor and collect performance inputs throughout the annual evaluation periods through oversight of operations and regularly scheduled meetings as identified in the Contract Management Plan (CMP). Inputs will be collected to align with the adjectival award fee rating criteria on a monthly basis for the CO. PBI execution will be monitored and tracked including potential impacts and changes to those PBIs. PTEs and the TL will collect inputs for the respective levels of interactions with the Contractor in contract performance files, spreadsheets of collected issues, assessment reports, observation records of performance, etc.

C. Quarterly Performance Feedback

As part of the regular monitoring and feedback cycle, the TL will aggregate the monthly PTEs' input quarterly into a quarterly report for the CO. The CO will discuss this quarterly aggregated input with the Contractor. The Contractor shall be provided an opportunity to respond to the quarterly aggregated inputs on performance.

The EM-LA CO may submit the quarterly reports of the Contractor's performance to the Contractor Performance Assessment Reporting System (CPARS), as early reports of the annual evaluation period, for the midpoint of the evaluation period. The AFB evaluates PTEs' and the TL's input, accepts the quarterly feedback report, and notifies the CO to submit the quarterly feedback report to the Contractor on its strengths and weaknesses for the current evaluation period. The CO may also issue letters at any other time when it is deemed necessary to highlight areas of government concern.

D. Contractor Submittals

The Contractor shall sign/certify and submit to EM-LA a *Certification of Completion* for each PBI completed, see Exhibit 4. The *Certification of Completion* for each PBI shall include supporting documentation such as acceptance/test reports, shipping manifest or other proof of completion. The *Certification of Completion*, including all supporting documentation, shall be delivered to EM-LA within 15 days after the PBI completion. If the Contractor determines that the *Certification of Completion* submitted requires an update, the Contractor shall immediately notify EM-LA and resubmit a revised *Certification of Completion* along with updated/revised documentation. The certificate may be executed by any person authorized to bind the Contractor.

In addition to the requirements at Section B.7, *DOE-H-2060 Base and Award Fee*, paragraph (c)(2)(B) of the Contract, the Contractor may prepare and submit to EM-LA, within 21-calendar days after the end of each annual evaluation period, a written self-assessment report

addressing performance against each of the adjectival award criteria. The self-evaluation shall address both the strengths and weaknesses of the Contractor's performance during the evaluation period. Where deficiencies in performance are noted, the Contractor shall describe the actions planned or taken to correct such deficiencies and avoid their recurrence. In other words, the self-evaluation should clearly assess the Contractor's measured performance against the standard of excellence in the Award Fee Rating Table, Exhibit 1.

E. Kicking Off Annual Evaluation

The CO will begin the annual evaluation by notifying the AFB Chair, AFB Members, PTEs, and the TL of the requirements for the annual AFR 30-calendar days before the end of the annual evaluation period. The results of the annual evaluation will be reflected in CPARS.

F. Award Fee Board Evaluation

Adjectival Award Fee Evaluation Within Annual Evaluations

AFB Members will evaluate the Contractor against the adjectival performance rating criteria listed in Exhibit 2. AFB Members will solicit regular inputs collected by PTEs and Technical Leads on these criteria.

PBI Completion and Fee Evaluation Within Annual Evaluations

AFB Members will evaluate the Contractor against the PBI work completion. AFB Members will solicit regular inputs collected by PTEs and the TL on PBI performance. This will include a review of the *Certifications of Completion*, and the supporting documentation. The criteria in Exhibit 2 may be used to determine any appropriate fee to be associated with the PBI if they were late, judged to have been deficient, or other criteria were sacrificed in order for the Contractor to earn fee.

Fee Reductions Within Annual Evaluations

AFB Members will evaluate the performance of work during the annual evaluation periods against the criteria identified in Section B.9, Fee Reductions, of the contract. Members will solicit regular inputs collected by PTEs and the TL on these reduction criteria.

AFB Members will evaluate whether accurate information has been provided by the Contractor to support its performance from its business systems, including but not limited to: (1) earned value management system, (2) purchasing system, (3) property system, and (4) accounting system. Members will solicit inputs from assessments of the business systems and reports of data inaccuracies.

Small Business Subcontracting Goals Reduction Within Annual Evaluations

The Contractor shall have the first two annual evaluation periods to establish the small business subcontracts necessary to meet the goals by the annual evaluation period starting at the end of Year 3 under the Contract. Starting with the end of Year 3, AFB Members will evaluate the execution of small business subcontracting to meet the performance requirements in Section B.10, *Small Business Subcontracting Fee Reduction*, and Section H.63 Clause entitled, *Subcontracted Work*, and the Contractor's *Small Business Subcontracting Plan*. AFB Members will evaluate the Contractor's performance against these criteria in each annual evaluation

period.

AFB Members will evaluate whether the Contractor has not met any or all of the subcontracting goals, and/or has failed to provide meaningful involvement for small businesses, and propose to reduce the Annual Available Award Fee for each annual evaluation period. The reduction amount may be up to \$500,000.00 of the Annual Available Award Fee for each annual evaluation period being evaluated (Years 3 through potentially 10).

G. AFB Award Fee Report and Fee Recommendation

AFB Members shall complete the evaluation which considers the performance against annual adjectival award fee criteria and the completion and evaluation of PBIs completed during the annual evaluation period. The AFB shall prepare an annual AFR that documents this annual evaluation and includes a recommendation on both the Adjectival Award Fee and PBI Fee that should be considered to have been earned by the Contractor. The AFR may also contain recommendations for significant changes to the PEMP. The AFB Chair shall complete the AFR and submit to the FDO for final determination of earned fee.

H. FDO Earned Fee Report and Final Fee Determination

The FDO will review the AFR with the AFB recommendation and supporting documentation. The FDO will consider those fee reductions identified in the AFR that were identified as relevant to Contract Clause B.9, *Fee Reduction*, and B.10, *Small Business Subcontracting Fee Reduction*. The FDO will prepare annual Earned Fee Reports with a final fee determination for each annual evaluation period within each Contract period of performance. As necessary based on HCA Directive 2.1, the FDO will provide each annual Earned Fee Report and annual final fee determination to the EM HCA for validation, and then to the CO for dissemination to the Contractor.

I. EM HCA Validation of Process

The EM HCA will review the annual Earned Fee Report with the annual fee determination provided by the FDO to determine whether the award fee process was executed properly. The EM HCA will provide the FDO with the validation results and, if necessary, with any corrective actions necessary to ensure the process integrity.

J. Contracting Officer Communication of Fee Determination

The EM-LA CO will provide the FDO Annual Final Fee Determinations to the Contractor and modify Section B of the contract to indicate the fee earned by the Contractor.

K. Revisions to Allowable Provisional Fee

The EM-LA CO will determine based on the Annual Final Fee Determination if or what changes are necessary to the allowable provisional fee for the Contractor during the next annual evaluation period. The CO shall notify the Contractor if the allowable provisional fee is changed.

L. Contractor Performance Assessment Reporting System Reporting

The EM-LA CO may submit one or more of the quarterly feedback reports performed during the annual evaluation period as an 'interim' report of the Contractor performance in CPARS. The EM-LA CO will submit the annual Earned Fee Report and FDO's fee determination of the Contractor's performance evaluation and reporting to CPARS, which is required every 12 months.

7. AWARD FEE CHANGE CONTROL PROCEDURE

A. Minor Changes Not Affecting Fee or Process

Changes to the PEMP that do not impact the award fee criteria or process, such as editorial clarifications or other insignificant changes may be made and implemented unilaterally by the Government at any time without providing advance notice to the Contractor.

B. Changes Affecting Fee or Process

The Contractor may recommend changes to the CO no later than 60 days prior to the beginning of the new evaluation period.

Changes to the PEMP that do impact the award fee criteria or processes may be made unilaterally by the Government, provided the Contractor receives notification 14 days prior to the start of a new evaluation period. Such changes will take effect at the start of the new evaluation period.

After an evaluation period has begun, EM-LA and the Contractor shall make every attempt at negotiating changes by the mutual agreement of the parties. Examples of such changes may include changing evaluation criteria, adjusting weights to redirect Contractor's emphasis to areas needing improvement, and revising the distribution of fee dollars. Unilateral changes made during the evaluation period shall not be effective until 14 calendar days after the Contractor receives the revised PEMP.

C. PBI Identification

PBIs have been established as delineated in Exhibit 3. If additional PBIs or annual PBIs are needed, they will be established unilaterally by the Government, provided the Contractor receives notification 30 days prior to the start of a new evaluation period. If changes to existing PBIs are necessary, such changes will take effect at the start of the new evaluation period. After an evaluation period has begun, changes may only be made as described in Paragraph B above.

D. Force Majeure Impacts

In the event that the Contractor believes circumstances completely beyond its control may prevent successful completion of a PBI or annual PBI, the Contractor may request DOE replace the PBI or remove and restructure the PBI fee proportionally to the remaining PBIs in the current period. The Contractor's request must be made in writing to the CO and include substantial, verifiable justification. The written request must be submitted as soon as practicable after the event or events occur; however, under no circumstances shall the request be made after the required completion date of the PBI.

Upon receipt of the Contractor' request, DOE will determine whether circumstances completely beyond the control of the Contractor have in fact prevented the Contractor from successfully completing the PBI. In the event DOE does not make a determination, the Contractor's request shall be deemed denied. In the event DOE makes an affirmative determination, DOE may, in its sole discretion, replace the PBI or remove and restructure the fee proportionally to the remaining PBIs in the period.

In the event the Contractor does not successfully complete the replacement PBI in the identified period, the fee associated with the replacement PBI may be forfeited and not available in this or any other fee period.

8. RESPONSIBILITIES

- a. The PTEs will monitor and evaluate the Contractor's performance consistent with Exhibits 1-3. PTEs will provide monthly inputs on Contractor performance to the CO. PTEs will also evaluate quarterly input by the Contractor. PTEs will aggregate monthly inputs into a quarterly input of performance that the CO can discuss with the Contractor.
- b. The TL will monitor and evaluate the Contractor's performance consistent with Exhibits 1-3. The TL will provide monthly inputs on Contractor performance for their areas of expertise to be aggregated with the PTE monthly inputs. The TL will facilitate the PTEs' monthly inputs on the Contractor's performance. The TL will also evaluate quarterly input by the Contractor. The TL will aggregate monthly inputs from the PTEs into a quarterly input of performance that the CO can discuss with the Contractor. Additionally, the TL will evaluate each PBI to determine the Pass/Fail status and if they were late, judged to have been deficient, or other criteria were sacrificed in order for the Contractor to earn fee. EM-LA will also consider the Contractor's submitted Exhibit 4, Contractor *Certification of Completion* in their verification of the completion of PBIs.
- c. The AFB members will review the PTE's evaluation reports, and the TL's recommended adjectival rating for Adjectival Rating Categories of Performance. The AFB members will also review the TL's pass/fail determination and other adjectival criteria with respect to each PBI. After these reviews, the AFB members will consider information from other pertinent sources, and develop a fee recommendation. The AFB Chair will provide the fee recommendation to the FDO.
- d. The FDO will unilaterally make an award fee determination at the end of each annual evaluation period. This determination shall be based upon the FDO's evaluation of the Contractor's performance, as measured against the evaluation criteria set forth in the PEMP.
- e. The CO will modify Section B.2 of the Contract to reflect the final earned award fee determined for each annual evaluation period throughout each Contract Period of Performance by the FDO.

9. AWARD FEE AMOUNTS AND PERIODS

A. Total Available Award Fee and Annual Available Award Fee

The Total Available Award Fee for the base and options periods and the Annual Available Award Fee for each annual evaluation period are specified in Section B of the Contract and

Table 1 of this PEMP.

B. Provisional Fee

An amount of provisional award fee will be available for each annual evaluation period subject to contract modifications that impact the total estimated cost and fee of the contract.

The CO may authorize provisional payments of up to 75% of the total available fee for each annual evaluation period. The CO will take into consideration the Contractor's performance from a quality, cost and schedule standpoint when determining specific provisional fee amounts. No such provisional payments will be authorized; however, unless and until the Contractor has a DOE-approved Earned Value Management System (EVMS) and the CPB is aligned with the contract. If at any time during contract performance the CPB is not aligned with the contract, all provisional fee payments will be withheld until alignment is re-established.

C. Provisional Fee Versus Earned Fee

Provisional fee payments are at the discretion of the CO and are entirely provisional (i.e., award fee is not earned until the FDO has issued an Earned Fee Determination for each annual evaluation period throughout the Contract Period of Performance). The Contractor may be required to return within 30 days any provisional fee payments which exceed the amount of the FDO's annual final determination of earned fee and conversely the Contractor may be permitted to invoice for any underpayments of provisional fee should this fee determination exceed the provisional fee payments. Since all earned fee is conditional on accurate data received from the Contractor's business systems, the CO may also identify any earned fee (after being identified by the FDO) that has subsequently been identified as based-on-inaccurate data. If any earned fee has been identified as being based on inaccurate data from the Contractor's business systems, this unearned fee must be returned within 30 days.

If the Contractor fails to return the provisionally paid fee within 30 days of issuance of the FDO's Earned Fee Determination to the Contractor, the Government, in addition to all other rights that accrue to the Government and all other consequences for the Contractor due to the Contractor's failure, may deduct the amount of the provisionally paid fee from: amounts it owes under invoices; or any other amount it owes the Contractor for payment, financing, or other obligation.

D. Adjustment of Provisional Fee

At the end of each annual evaluation period, the Contractor will be measured against the evaluation and performance criteria and will be assigned a rating based on the evaluation of the AFB members. This rating will be used to calculate any allowable provisional fee payments for the next annual evaluation period. An average overall rating of less than good for all of the adjectival rating categories of performance within any annual evaluation period will result in a reduction of at least 15% on allowable provisional fee during the next annual evaluation period.

If the CO has authorized provisional payments, these payments will be reconciled at the annual evaluation. If the payments exceed the provisional fee determination for the annual evaluation period, the Contractor may be required to provide a credit against future payment vouchers and/or refund any difference. The CO may suspend or reduce provisional fee payments if the FDO determines that the performance and/or evaluation criteria are not being met. The FDO's determination that the Contractor has met the requirements for the provisional payment of fee for any particular incentive during a particular annual evaluation period has no bearing on

whether the Contractor is actually entitled to earn any fee at the conclusion of the annual evaluation period.

E. Earned Fee Effect on Drawn Provisional Fee

Provisional payment of fee is a separate and distinct concept from earned fee. The determination as to the amount of fee earned by the Contractor is only made at the end of each annual evaluation period by the FDO. In some instances, for example, a Contractor could conceivably receive 100% of possible provisional fee payments during the course of performance yet not earn any fee. In that case, the Contractor would be required to return all provisional fee payments. The Contractor could in other instances, for example, receive 0% of possible provisional fee payments; yet eventually earn the entire amount of available fee assuming all Contract and award fee requirements were met.

F. Fee Reduction Versus Drawn Provisional Fee

If the CO determinates that a fee reduction in accordance with the Contract Section I Clause, "Conditional Payment of Fee or Profit – Safeguarding Restricted Data and Other Classified Information and Protection of Worker Safety and Health (DEC 2010" or other contract clauses upon which fee reductions may be based are identified in Contract Section B Clause. "*Fee Reductions*", the Total Available Award Fee pool (both Adjectival Award Fee and PBI Fee) (from which the Earned Fee for the applicable annual evaluation period will be determined) shall be decreased by the equivalent amount. The maximum amount of reduction under this clause shall not exceed the allocated Annual Award Fee that can be earned in the one-year period in which the event occurred.

10. DOCUMENTATION

The rationale for fee payment will be documented by the AFB and FDO. When discussions are held by the AFB Members that significantly impact the evaluation of the Contractor performance, the major conclusions of the discussions and the rationale behind them will be documented in the form of signed and dated notes, minutes, or correspondence. This documentation will be kept by the AFB recorder until the Earned Fee Report and fee determination by the FDO for the annual evaluation period is finalized and reconciled with any provisional fee payments. After provisional fee payments and earned fee are reconciled and, if necessary, any unearned fee taken as provisional fee are returned to EM-LA, all documentation, notes, minutes, and correspondence will be placed into the contract file along with the AFB AFR and Fee recommendation and the FDO's Earned Fee Report and Fee Determination.

11. COMMUNICATION

The Contractor may request informal feedback on any aspect of its performance during any interface meeting with the CO. In the spirit of open communication and shared goals, EM-LA will make a good faith effort to respond in a timely manner with complete and actionable advice based on currently known information.

12. CONTRACT TERMINATION

If this Contract is terminated for the convenience of the Government after the start of a fee evaluation period, the available fee for that period shall be prorated and the amount of fee

earned by the Contractor shall be determined by the FDO using the fee evaluation process described in this PEMP.

13. EXHIBITS

EXHIBIT 1 - AWARD FEE RATING TABLE

UN-SATISFACTORY	SATISFACTORY	GOOD	VERY GOOD	EXCELLENT
0% Earned	No Greater than 50%	51-75% Earned	76-90% Earned	91-100% Earned
Contractor <u>has failed</u> to meet overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period	Contractor <u>has met</u> overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	Contractor has <u>exceeded some</u> of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	Contractor has <u>exceeded many</u> of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.	Contractor has <u>exceeded almost all</u> of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.

Adjectival Rating Notes

EXCELLENT (91-100%)

Performance is of the highest quality that could be achieved under the contract. There are no areas of deficiencies or problems encountered during the evaluation period.

VERY GOOD (76-90%)

Performance is of high quality and approaching the best that could be performed by the Contractor. Work completed greatly exceeds the average performance level. A few minor problems are experienced during the evaluation period without impacting the overall level of performance.

GOOD (51-75%)

Contractor exceeds some contract requirements in a manner demonstrating commitment to the program. Work is completed much better than the minimum required performance. Areas of deficiency and minor problems are more than off-set by areas of good performance.

SATISFACTORY (<=50%)

Contractor's performance is the minimum required level to meet needs. Areas of good performance are offset by deficiencies and problems, which reduces performance to a level that is minimally acceptable under the contract.

UNSATISFACTORY (0%)

Contractor does not meet minimum contract requirements.

EXHIBIT 2 – ADJECTIVAL AWARD FEE RATING WEIGHTING AND CRITERIA

ADJECTIVAL RATING CATEGORIES OF PERFORMANCE (15%)	WEIGHTINGS
1. Quality	20%
2. Schedule	15%
3. Cost Control	30%
4. Management	10%
5. Regulatory Compliance	25%

At the end of each annual evaluation period, the Contractor will be measured against the following evaluation and performance criteria for each component of the adjectival rating criteria below that applies to that work conducted and the performance represented during that annual evaluation period. Each criterion will be assigned a rating based on the evaluation of the AFB members.

A. Quality (20%)

The Contractor will be evaluated on the quality and effectiveness of their policies, plans, and procedures governing Contractor activities.

The Contractor will be evaluated on their application and incorporation of Quality Assurance (QA), Safety, and Security principles and requirements into work scopes, subcontracts and specific programs and efforts, including but not limited to, Integrated Safety Management System, radiological protection, environmental protection, industrial safety, security (includes Cyber-Security), nuclear safety, waste shipping, emergency management, waste minimization, Conduct of Operations, Quality Assurance, and work planning initiatives.

The Contractor will be evaluated on their ability to effectively and timely identify, manage, prevent or correct, report and resolve deficiencies. Contractor will also be evaluated on the thoroughness of their response to deficiencies to prevent recurrence of the deficiency including the manner and adequacy of tracking, trending, and root cause/lessons learned analyses, reporting, and formal closure process.

The Contractor will be evaluated on the quality and effectiveness of all contractual deliverables, including, but not limited to regulatory submittal (e.g., Federal Facility Agreement documents, permits), Safety Basis Documents, optimization plans, Security Plans, etc.

B. Schedule (15%)

The Contractor will be evaluated on timeliness of completion of deliverables on dates included in the Contractor's three-year rolling CPB with EM-LA. The deliverables required under the 2016 Consent Order must be provided to EM-LA for review and acceptance in accordance with the commitments in Section J, Attachment J-11, on time such that the deliverables can be delivered to NMED on time in order for the Contractor to achieve a satisfactory rating. Just-in-time delivery (within one week of due date to the New Mexico Environment Department (NMED)) will be considered a failure to adequately plan the work because it doesn't include sufficient mitigation time for last minute comments and corrections as identified through either the Contractor's internal review or EM-LA's acceptance review; history with contractors has shown this is appropriate.

The Contractor will be evaluated on the timeliness of the completion of the contractual milestones (field work) and satisfactory progress to achieve completion of the PBI milestones included in the Contractor's approved CPB.

The Contractor will be evaluated on their ability to respond to in-scope requests for support or information/reports.

The Contractor will be evaluated on its ability to submit timely, accurate, and auditable contract change proposals.

The Contractor will be evaluated on their ability to minimize deferred maintenance on equipment or systems that are related to safety (regardless if they are accredited in the Safety Basis Documents or Technical Safety Requirements). The Contractor will be evaluated on their ability to repair all system impairments on safety related systems within 90 days.

C. Cost Control (30%)

The Contractor will be evaluated on the overall timeliness and quality of the Baseline (initial and Final). If the Contractor fails to submit the required baselines in accordance with the contract timeframes and criteria, this entire category of performance shall be rated as unsatisfactory for each quarterly discussion with the CO and may be rated no higher than satisfactory for the annual rating period.

The Contractor will be evaluated on effectiveness in forecasting, managing, and controlling contract cost. Effectiveness will be measured through areas such as comparison of actual costs of work performed (ACWP) to the baseline cost of work performed (BCWP) for each work breakdown structure (WBS) element and for the Contract overall, effective utilization of available appropriated funds and appropriate management of carryover funds. Examples of considerations could include the following:

- whether Contractor's ACWP exceeds the BCWS for the contract overall, and
- whether the Contractor's ACWP exceeds the BCWS on a monthly basis at an unacceptable frequency, demonstrates excessive variability from month to month, or doesn't reflect a positive ratio reflecting cost reductions.

The Contractor will be evaluated on the effectiveness, timeliness and adequacy of its ability to perform tasks in the most cost effective manner consistent with approved baselines.

The Contractor will be evaluated on developing and presenting initiatives which result in tangible savings to DOE (cost, schedule, or risk). The Contractor's effectiveness at identifying real and tangible savings, tracking those improvements and cost reductions, and continued performance in keeping the savings from the initiatives will be evaluated.

The Contractor will be evaluated for its management of risks such that the costs expended to eliminate, mitigate, or minimize risks results in a substantial reduction in the rate at which risk costs are realized.

The Contractor will be evaluated on cost controls for subcontracted work scope such that managing this work and the cost of this work show reductions in these costs. This evaluation will include consideration of any changes to the Contractor's subcontracting strategies and effective task order utilization.

The Contractor will be evaluated on how costs are tracked and reported. This includes the accuracy of Estimate at Completion (EAC), accuracy of cost projections and effectiveness of baseline change management.

The Contractor will be evaluated on overall and specific program and project status performance against and the approved baseline, and the effectiveness of program and project reporting tools and systems.

D. Management (10%)

The Contractor will be evaluated on how effectively programs and projects are managed.

The Contractor will be evaluated on the effectiveness of senior managers to overall contract management, effectiveness of support to DOE, providing leadership to the work force and ensuring an overall positive safety and performance culture.

The Contractor will be evaluated on their effectiveness in coordinating with and applying lessons learned from other DOE/Commercial site when implementing similar operations.

The Contractor will be evaluated on the effectiveness of coordination with the National Nuclear Security Administration Managing and Operating Contractor or other Site Contractors to support and implement provided services as described in the Interface Requirements Section J, Attachments J-6 and J-7 of the Contract and the reduction of costs to implement these services. The Contractor will also be evaluated in the effectiveness in support of multiple contractor transitions that may affect the Contractor's work scope including the future NNSA M&O Contractor transition.

The Contractor will be assessed on their performance to the Regional Purchasing Program requirements and the Small Business Subcontracting Plan. The Contractor will be assessed on their performance in interfacing with the community and other stakeholders in the execution of the EM mission work scope, including but not limited to follow through on community commitments.

The Contractor will be evaluated on effective Contractor Human Resources Management:

- Addressing workforce composition, including any immediate or anticipated workforce restructuring;
- Taking into consideration, for the hiring processing during the transition period and throughout the period of performance, the expertise and experience of the incumbent workforce;
- Addressing existing issues under the National Labor Relations Act (NLRA) and engaging with any labor representatives, and in particular, how it has or how it will obtain expertise regarding compliance with the NLRA and engagement with labor representatives;
- Preparation and submission of any bargaining parameters requests;
- Complying with wage requirements, including specifically any prevailing wage requirements under Section 4(c) of the Service Contract Labor Standards statute, as well as any NLRA requirements with respect to the determination of wages and benefits;
- Processing labor standards determinations for work packages;

- Providing and maintaining its proposed pension and welfare benefit plans, in particular, how it has or how it will obtain expertise regarding compliance with Internal Revenue Service qualification requirements for, as applicable, multiple employer or multi-employer defined benefit pension plans;
- Identification and resolution of any legal issues regarding any of the above, including the Offeror's plan for engaging outside counsel having background in these areas; and
- Communicating and engaging with DOE on any of these matters.

The Contractor will be evaluated on its effective implementation of a Contractor Assurance System (CAS) in accordance with DOE Order 226.1, as evidenced by:

- Feedback provided to DOE on the effectiveness of the CAS including evidence of active problem solving;
- Independent periodic evaluation of the CAS by entities such as corporate parent companies; and
- Open and continuous communication on issues identified with the CAS and/or programs that make up parts of the CAS

E. Regulatory Compliance (25%)

The Contractor will be evaluated on their compliance with all applicable Environmental Regulations (applicable local, state and federal regulations), Regulatory Agreements (e.g., Consent Order, Agreed Orders, Negotiated Settlements, Toxic Substances Control Act, Federal Facility Compliance Agreements, Federal Facility Agreements) and Permits (e.g., Hazardous Waste Facility Permit, Individual Permit for Stormwater) including the timeliness and effectiveness of implementing corrective actions (short- and long-term) for Notices Of Violations or non-compliances.

The Contractor will be evaluated on their compliance with standard business/accounting systems/practices and all applicable regulations (DOE Policies, Orders and Standards, FAR, etc.).

The Contractor will be evaluated on their compliance with DOE Security/Cyber-Security Requirements (e.g., Executive Orders, DOE Policies, Orders and Standards, site security plans, and cyber-security directives) and DOE security-related promulgated regulations including, but limited to, 10 CFR 824, 10 CFR 1046, 10 CFR 1016, 10 CFR 1045.

The Contractor will be evaluated on their compliance with DOE Environmental, Safety, Health, and Quality Assurance (ESH&QA) Requirements (e.g., Executive Orders, DOE Policies, Orders Directives, and Standards, and implementing plans) and DOE Safety/QA related promulgated regulations including, but limited to, 10 CFR 851, 10 CFR 830 Subpart A 10 CFR 830 Subpart B, and 10 CFR 835.

The Contractor will be evaluated on their compliance with RCRA corrective action implementing documents (e.g., Investigation Work Plans, Investigation Reports, Corrective Measures Evaluations, Corrective Measures Implementation Plans, and Corrective Measures Investigation Reports).

The Contractor will be evaluated on their compliance with all other applicable regulatory requirements (e.g., Executive Orders, DOE Policies, Orders Directives, and Standards, and implementing plans); regulations (applicable local, state and federal regulations); or cited American National Standards Institute (ANSI) standards.

The Contractor will be evaluated on its performance in completing or submitting stipulated penalty milestones listed in Appendix B to the Final 2016 Consent Order (which is updated annually during the annual work plan process that the Contractor has committed to before each annual evaluation period begins). The Contractor will be evaluated on its completion or submittal of the stipulated penalty milestones to EM-LA in sufficient time and of sufficient quality for EM-LA to approve and then to submit the milestones to NMED by the delivery or completion date for them to be accepted by NMED without being determined to be insufficient or late and without NMED garnering an assessment of stipulated penalty.

EXHIBIT 3 – PERFORMANCE-BASED INCENTIVE CRITERIA FOR EACH CONTRACT PERIOD OF PERFORMANCE

PERFORMANCE BASED INCENTIVES (85%)	PERCENTAGE OF AVAILABLE PBI FEE BY CONTRACT PERIOD		
	BASE	OPTION 1	OPTION 2
<p>1. Performance Work Statement (PWS) C.3</p> <p>The Contractor generally will have these services and functions distributed across the other PWS Elements. These types of functions will be judged as part of the adjectival ratings and do not have specific PBIs.</p>	0%	0%	0%
<p>2. PWS C.4 – BASE PERIOD</p> <p>The Contractor shall retrieve, process, package, characterize, prepare for shipment, and facilitate shipment through the Carlsbad Field Office (CBFO) Contractor's Central Characterization Project (CCP) staff 55% of the "Initial" volume in cubic meters (m³) of Contract-Handled (CH) Transuranic (TRU) Waste within five years from the Notice to Proceed (NTP). The "Initial" volume is represented in the first two summary tables in Section J, Attachment J-17, for Above Ground and Below Ground CH-TRU. To meet this criteria:</p> <ul style="list-style-type: none"> a. the "Initial" volume of CH-TRU waste for the period must be processed, b. the resulting waste streams (different from the "Initial" volume) must leave the Los Alamos National Laboratory (LANL) property, and c. the resulting waste streams be received at either the Waste Isolation Pilot Plant (WIPP) for CH-TRU or an alternative disposal facility for non-CH-TRU. <p>These criteria are based on the initial WIPP opening and receipt rate, and thus will be adjusted at the beginning of each annual evaluation period based on changes from the proposed assumptions on WIPP.</p> <p>Annual PBIs for each annual evaluation period² will be provided by EM-LA reflecting annual progress towards this incentive.</p>	30%		

<p>3. PWS C.4 – OPTION PERIOD 1</p> <p>The Contractor shall retrieve, process, package, characterize, prepare for shipment, and facilitate shipment through the CBFO Contractor's CCP staff 35% of the "Initial" volume in m³ of CH-TRU Waste within Option Period 1. The "Initial" volume is represented in the first two summary tables in Section J, Attachment J-17, for Above Ground and Below Ground CH-TRU. To meet this criteria:</p> <ul style="list-style-type: none"> a. the "Initial" volume of CH-TRU waste for the period must be processed, b. the resulting waste streams (different from the "Initial" volume) must leave the LANL property, and c. the resulting waste streams be received at either the WIPP for CH-TRU or an alternative disposal facility for non-CH-TRU. <p>These criteria are based on the initial WIPP opening and receipt rate and its cascading effect on subsequent years of operations, and thus will be adjusted at the beginning of each annual evaluation period based on changes from the proposed assumptions on WIPP.</p> <p>Annual PBIs for each annual evaluation period² will be provided by EM-LA reflecting annual progress towards this incentive.</p>		25%	
<p>4. PWS C.4 – OPTION PERIOD 2</p> <p>The Contractor shall retrieve, process, package, characterize, prepare for shipment, and facilitate shipment through the CBFO Contractor's CCP staff the remaining 10% of the "Initial" volume in m³ of CH-TRU Waste within Option Period 2. The "Initial" volume is represented in the first two summary tables in Section J, Attachment J-17, for Above Ground and Below Ground CH-TRU. To meet this criteria:</p> <ul style="list-style-type: none"> a. the "Initial" volume of CH-TRU waste for the period must be processed, b. the resulting waste streams (different from the "Initial" volume) must leave the LANL property, and c. the resulting waste streams be received at either the WIPP for CH-TRU or an alternative disposal facility for non-CH-TRU. <p>These criteria are based on the initial WIPP opening and receipt rate and its cascading effect on subsequent years of operations, and thus will be adjusted at the beginning of each annual evaluation period based on changes from the proposed assumptions on WIPP.</p> <p>Annual PBIs for each annual evaluation period² will be provided by EM-LA reflecting annual progress towards this incentive.</p>			20%

<p>5. PWS C.5.1-C.5.3</p> <p>The Contractor shall complete all groundwater compliance monitoring activities in accordance with the Interim Facility-wide Groundwater Monitoring Plan (IFGMP) without Contractor (or subcontractor) caused deviations from the plan within the 3-week time frames specified for sampling events. To meet this criteria, the Contractor shall:</p> <ul style="list-style-type: none"> a. revise the IFGMP and obtain EM-LA approval of any change in approach in each monitoring year, b. obtain NMED approval of the IFGMP in each monitoring year, and c. submit and obtain NMED approval of the (nominally) 15 sampling event periodic monitoring reports per each monitoring year. <p>Documents submittal dates are as specified in the IFGMP.</p>	7% ¹	7% ¹	7% ¹
<p>6. PWS C.5.4-C.6</p> <p>The Contractor shall install and maintain the network of EM wells, boreholes, and piezometers such that quality groundwater data is obtainable to meet Consent Order and NMED regulations. The Contractor shall establish a sustainable network operability metric and submit to EM-LA for approval for this incentive within 6 months of NTP. The maximum incentive value shall be based on three factors:</p> <ul style="list-style-type: none"> a. a network operability of greater than 98%, b. all installed wells that provide quality data and are not rejected by NMED, and c. a management system output that meets EM-LA needs for negotiation with NMED. 	8% ¹	8% ¹	8% ¹
<p>7. PWS C.7²</p> <p>The Contractor shall complete all surface water compliance sampling and analyses in accordance with the Individual Permit for Stormwater (IP). Sampling shall comply with all appropriate sampling protocols such that no validated instances of non-compliance can be noted by the NMED Surface Water Quality Bureau in their annual Compliance Evaluation Reports (CEI) to the US Environmental Protection Agency. Repetitive items in the CEI will count against the Contractor. The decreasing value in Option Period 2 is due to the cleanup of IP sites under the Consent Order and removal of sites from the permit, thus less compliance sampling over time.</p>	4%	4%	2%
<p>8. PWS C.8²</p> <p>The Contractor shall complete all necessary compliance activities to address Target Action Level exceedances in accordance with the IP such that the Contractor is always in compliance with the IP. Construction of stormwater controls, alternative analyses, site determination analyses, etc. are examples of compliance activities. The decreasing value in Option Period 2 is due to the cleanup of IP sites under the Consent Order and removal of sites from the permit, thus less compliance sampling over time.</p>	5%	6%	3%

<p>9. PWS C.9 – BASE PERIOD</p> <p>The Contractor shall complete the implementation of the Research Department Explosive (RDX) interim measures and final remedy <u>Characterization</u> Consent Order Campaign C and achieve the completion criteria such that these activities can be put into long-term monitoring and can be transferred back to the NNSA landlord for long-term stewardship. Annual PBIs² for the appropriate annual evaluation periods shall be established based on:</p> <ul style="list-style-type: none"> a. submittal and NMED approval of the Corrective Measures Evaluation resulting in acceptance of the recommended remedy early within the Base Period. 	10% ¹		
<p>10. PWS C.9 – OPTION PERIOD 1</p> <p>The Contractor shall complete the implementation of the Research Department Explosive (RDX) interim measures and final remedy Consent Order Campaign CF and achieve completion of the completion criteria such that these activities can be put into long-term monitoring and can be transferred back to the NNSA landlord for long-term stewardship. Annual PBIs² for the appropriate annual evaluation periods shall be established based on:</p> <ul style="list-style-type: none"> b. Completion of implementation of the final remedy within Option Period 1. 		8% ¹	
<p>11. PWS C.9 – OPTION PERIOD 2</p> <p>The Contractor shall complete the implementation of the Research Department Explosive (RDX) interim measures and final remedy Consent Order Campaign CF and achieve completion of the completion criteria such that these activities can be put into long-term monitoring and can be transferred back to the NNSA landlord for long-term stewardship. Annual PBIs² for the appropriate annual evaluation periods shall be established based on:</p> <ul style="list-style-type: none"> c. submittal and NMED approval of the Corrective Measures Implementation Report demonstrating acceptable performance of the final remedy within Option Period 2. 			5% ¹
<p>12. PWS C.10 – BASE PERIOD</p> <p>The Contractor shall implement the hexavalent chromium Consent Order Campaigns A (Interim Measures and Characterization) and I (Final Remedy). Annual PBIs² for the appropriate annual evaluation periods shall be established based on:</p> <ul style="list-style-type: none"> a. Continued operation of the interim measures for boundary protection/plume control such that continued sampling at the LANL boundary wells and boreholes reflect chromium concentrations along the LANL side of the LANL boundary with the Pueblo de San Ildefonso are less than one-half the NMED drinking water standard of 50 ppb through each period of performance as reflected through modeling that has been validated through the current sampling data. The initiation of this criterion is contingent on the previous contractor's performance in getting the interim measures underway successfully, therefore, if the modeling does not reflect this criteria upon the Contractor's NTP, the start time of this criteria evaluation shall be negotiated between the Contractor and EM-LA. b. Submittal and NMED approval of the Corrective Measures Evaluation and acceptance of the recommended remedy and submittal and approval of the Corrective Measures Implementation Plan (design) within the Base Period. 	20% ¹		

<p>13. PWS C.10 – OPTION PERIOD 1</p> <p>The Contractor shall implement the hexavalent chromium Consent Order Campaigns A (Interim Measures and Characterization) and I (Final Remedy). Annual PBIs² for the appropriate annual evaluation periods shall be established based on:</p> <ul style="list-style-type: none"> c. Continued operation of the interim measures for boundary protection/plume control such that continued sampling at the LANL boundary wells and boreholes reflect chromium concentrations along the LANL side of the LANL boundary with the Pueblo de San Ildefonso are less than one-half the NMED drinking water standard of 50 ppb through each period of performance as reflected through modeling that has been validated through the current sampling data. and d. Complete implementation of the final remedy within Option Period 1. 		20% ¹	
<p>14. PWS C.10 – OPTION PERIOD 2</p> <p>The Contractor shall implement the hexavalent chromium Consent Order Campaigns A (Interim Measures and Characterization) and I (Final Remedy) such that these activities can be put into long-term monitoring and can be transferred back to the NNSA landlord for long-term stewardship. Annual PBIs² for the appropriate annual evaluation periods shall be established based on:</p> <ul style="list-style-type: none"> e. Continued operation of the interim measures for boundary protection/plume control such that continued sampling at the LANL boundary wells and boreholes reflect chromium concentrations along the LANL side of the LANL boundary with the Pueblo de San Ildefonso are less than one-half the NMED drinking water standard of 50 ppb through each period of performance as reflected through modeling that has been validated through the current sampling data. and f. Submittal and NMED approval of the Corrective Measures Implementation Report demonstrating acceptable performance of the final remedy within Option Period 2. 			10% ¹
<p>15. PWS C.11² – BASE PERIOD</p> <p>The Contractor shall complete the aggregate area cleanup campaigns listed in the 2016 Consent Order, Appendix C. Annual PBIs² for the appropriate annual evaluation periods shall be established based on campaign completions and NMED acceptance of a final Investigation Report and associated Certificates of Completion for each and every Solid Waste Management Unit (SWMU) and Area of Concern (AOC) within the campaign:</p> <ul style="list-style-type: none"> • Campaign B, Historical Properties (G/B/Rendija, Pueblo, U. & M. LA Cyns); • Campaign D, Administrative Site Completion <u>Supplemental Investigation Reports</u>; • Campaign E, TA-21 D&D and Cleanup; • Campaign F, Los Alamos/Pueblo Canyons Sediment; • Campaign G, Known Cleanup Sites (Above SSL); and • Campaign J, Southern External Boundary (Chaquehui, S. Ancho, L. Water). 	11% ¹		

<p>16. PWS C.11² – OPTION PERIOD 1</p> <p>The Contractor shall complete the aggregate area cleanup campaigns listed in the 2016 Consent Order, Appendix C. Annual PBIs² for the appropriate annual evaluation periods shall be established based on campaign completions and NMED acceptance of a final Investigation Report and associated Certificates of Completion for each and every SWMU and AOC within the campaign:</p> <ul style="list-style-type: none"> • Campaign L, Sandia Watershed (incl., Mortandad, and Canada del Buey). 		9% ¹	
<p>17. PWS C.11² – OPTION PERIOD 2</p> <p>The Contractor shall complete the aggregate area cleanup campaigns listed in the 2016 Consent Order, Appendix C. Annual PBIs² for the appropriate annual evaluation periods shall be established based on campaign completions and NMED acceptance of a final Investigation Report and associated Certificates of Completion for each and every SWMU and AOC within the campaign:</p> <ul style="list-style-type: none"> • Campaign M, Pajarito Watershed, and • Campaign N, Upper Water Watershed (Canon de Valle and Upper Water). 			25% ¹
<p>18. PWS C.12² – BASE PERIOD</p> <p>The Contractor shall complete the Material Disposal Area (MDA) remedy campaigns listed in the 2016 Consent Order, Appendix C that are within each Period of Performance. Annual PBIs² for the appropriate annual evaluation periods will be established for each period of performance based on:</p> <ul style="list-style-type: none"> • Campaign H -- MDA-A & –T Remedy, (MDA-A pit and trench characterization in Year 2 of the Based period, Corrective Measures Evaluations for both MDA-A and –T submitted and NMED approved); • Campaign K -- MDA-C Remedy, (submittal and approval of the Corrective Measures Implementation Plan (design)); • Campaign O -- MDA-AB Remedy, (No activities – no Annual PBI) • Campaign P -- MDA-H Remedy, (No activities – no Annual PBI); and • Campaign Q – MDA-G & L Remedy (SVE for MDA-L conducted effectively throughout the Period.). 	5% ¹		
<p>19. PWS C.12² – OPTION PERIOD 1</p> <p>The Contractor shall complete the MDA remedy campaigns listed in the 2016 Consent Order, Appendix C that are within each Period of Performance. Annual PBIs² for the appropriate annual evaluation periods will be established for each period of performance based on:</p> <ul style="list-style-type: none"> • Campaign H -- MDA-A & –T Remedy, (completion of the final remedy by the end of the period) • Campaign K -- MDA-C Remedy, (completion of the final remedy and submittal and approval of the Corrective Measures Implementation Report) 		13% ¹	

<ul style="list-style-type: none"> • Campaign O -- MDA-AB Remedy, (remaining characterization and submittal and approval of the Corrective Measures Evaluation shall be completed in the Option Period 1, submittal and approval of the Corrective Measures Implementation Plan shall be completed in Option Period 1) • Campaign P -- MDA-H Remedy, (submittal and approval of the Corrective Measures Evaluation shall be completed in the Option Period 1, submittal and approval of the Corrective Measures Implementation Plan shall be completed in Option Period 1); and • Campaign Q – MDA-G & L Remedy (SVE for MDA-L conducted effectively throughout Option Period 1. The Corrective Measures Evaluations for both MDA-L and MDA-G shall be submitted and approved by NMED within Option Period 1.). 			
<p>20. PWS C.12² – OPTION PERIOD 2</p> <p>The Contractor shall complete the MDA remedy campaigns listed in the 2016 Consent Order, Appendix C that are within each Period of Performance. Annual PBIs² for the appropriate annual evaluation periods will be established for each period of performance based on:</p> <ul style="list-style-type: none"> • Campaign H -- MDA-A & –T Remedy, (No activities – no Annual PBI) • Campaign K -- MDA-C Remedy, (No activities – no Annual PBI) • Campaign O -- MDA-AB Remedy, (completion of the final remedy and submittal and approval of the Corrective Measures Implementation Report shall be completed in Option Period 2.) • Campaign P -- MDA-H Remedy, (completion of the final remedy and submittal and approval of the Corrective Measures Implementation Report shall be completed in Option Period 2.); and • Campaign Q – MDA-G & L Remedy (The Corrective Measures Implementation Plan (design) shall be submitted and approved by NMED during Option Period 2.). 			18% ¹
<p>21. PWS C.13</p> <p>The Contractor shall support transition activities to brief and update the follow-on contractor with the progress made and the remaining work, activities in progress, and information repositories necessary for the follow-on contractor to start their work without interruption.</p>	0%	0%	2%
<p>22. PWS C.14</p> <p>The Contractor shall have milestones and incentives for task Indefinite Delivery, Indefinite Quality (IDIQ) task orders within those task orders as they are authorized by the Contracting Officer.</p>	0%	0%	0%
<p>Total Incentive Percentages for each Contract Period of Performance</p>	100%	100%	100%

Notes

1. The Contractor shall deliver all milestones, deliverables, and documents under corrective action requirements in the FINAL 2016 Consent Order of such good quality such that these deliverables and documents are approved or approved with only minor modification on their

2. The number and details of any annual PBIs will be provided to the Contractor by the EM-LA CO annually prior to the start of each annual evaluation period.

EXHIBIT 4 – PBI CERTIFICATION OF COMPLETION

Certificate of Completion

"I certify performance completion of PBI #_____. This certification of completion is made in good faith; the supporting data (included as an attachment) are accurate and complete to the best of my knowledge and belief; the amount requested accurately reflects the amount of fee for which the Contractor believes is correct; and I am duly authorized to certify the PBI completion on behalf of the Contractor."

Signature

Date

Title